

# Restoring Choice

Comments on:

**Restoring Elected Community Representation To Community  
Health Centre Boards**

**Consultation Paper**

January 2000

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## **Co-operative Federation of Victoria Ltd**

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As a Federation of member-owned and democratically-elected co-operatives, the Co-operative Federation of Victoria Ltd supports the initiative to “restoring elected community representation to community health centre boards.”

There are three attachments to this submission:

- CFV Ltd Mission and Objectives
- ICA Statement on the Co-operative Identity
- CFV Ltd Membership As at 30 June 1999

This brief submission comments on the consultation paper with a bias towards other issues or suggestions relating to governance – and not just the two models identified in the consultation paper.

The two models tend to limit the scope for submissions and a number of significant issues are under-stated. The consultation paper also does not provide significant information on existing Community Health Centres such as the composition of existing boards, the skills and qualifications of these boards and existing membership criteria and numbers.

This submission argues that there are Australian and overseas precedents for health co-operatives (p 2), that CHC’s should have the option of choosing a co-operative structure (p 3), that the issue of membership (p 3 – 4) is critical and that the options should be considered in terms of stakeholders (p 4).

### **Co-operative Precedents**

It is noted in the Background on p 2 that Community Health Centre’s provide a community-based response to the particular health and well-being needs of communities. This impetus for Community Health Centres is common to the establishment and development of co-operatives – individuals and their communities forming co-operatives to meet their mutual needs. Indeed, in Saskatchewan, Canada, Community Health Centres have voluntarily adopted the co-operative structure. There are also precedents for health co-operatives in Australia with the bush nursing centres and hospitals, friendly societies, the South Kingsville Health Services Co-operative Ltd and co-operative hospitals in New South Wales and Victoria.

## **Legal Options**

The Background also notes that: “The Associations Incorporation Act 1981 provides the legal structure under which CHCs operate.” This is stated as a given without discussion as to why Community Health Centres are forced to incorporate as associations and the consequence of this imposition on the Centres governance and autonomy. Individuals and their communities should have the option of incorporating as co-operatives but not required to incorporate as co-operatives. Restoring choice to Community Health Centres through elected boards should be extended to introducing choice about the legal structure. Community Health Centres should have the option of registration under the Co-operatives Act if this is their preference. This would be consistent with National Competition Policy and, in particular, competitive neutrality. Competitive neutrality is abrogated when CHCs have no choice about their legal structure.

It is noted on p 4: “From their inception CHCs have had a long history of consumer and community involvement. This ranges from empowering consumers to be active participants in their care, participation in the governing of centres as board members, fund raising and volunteer work.” Similarly, co-operatives share a long history of consumer and community involvement but with a clear and explicit co-operative philosophy, principles and practice.

The historical membership of Community Health Centres has been low, even among users of the Centres.

## **Membership**

Another issue that needs further consideration is the question of membership of CHCs – who will be members and what will be the eligibility for membership. The membership of co-operatives, for instance, is based on user-owners.

While there is reference to members, there is no discussion of what this means in the context of CHCs. On p 5 reference is made that catchment areas will not be restored as the basis for membership eligibility. In the absence of an explanation to the contrary, this implies that membership will not be geographically based but open to anyone interested in becoming a member. It is not clear whether this is the intention of the statement.

It is the co-operative experience that for membership to be meaningful this requires the membership to be active and the need, therefore, for an active membership criteria. Active membership implies user-members i.e. the members of a Community Health Centre are those individuals who use the services of the Centre. If members can be either active or inactive members of a CHC, then, this will invariably generate structural tensions. It is suggested on p 5 that individuals will register as members. This is not the same as a meaningful basis for active membership. It will also be necessary to consider whether membership will be restricted to individuals or include corporations.

The advantages and disadvantages discussed for the two options, or other options, are critically influenced by whether or not there is a meaningful membership criteria and active membership provisions.

### **Stakeholder(s)**

The two appointment and governance options in the consultation paper are described as follows:

Option 1: Fully Community Elected Boards

Option 2: Part Community Elected and Part Appointed Boards

In identifying these options in this way, there is an implicit confusion between appointment processes and governance systems. Alternatively, the options could be broadly categorised as being between consumer stakeholder boards or mixed stakeholder boards – the differences here are substantial and would warrant further consideration for they reflect significant choices and differences which are not adequately included in the presentation of the two options in the consultation paper.

This difference is reflected in the comment on Option 2 of a possible disadvantage being to “create two perceived ‘classes’ of board members increasing the complexity of governance. There is a difference between “elected” and “appointed” representatives but it is what these differences represent rather than whether they are elected or appointed. A clear understanding of the options as different stakeholder models would be differently contextualised and, therefore, expressed. The stakeholders would be more than two and the categorisation would be different from their method of election – elected and appointed – to their stakeholding interest e.g. consumers, doctors, ancillary service providers and government. This would provide a different context for choice and instead of elected and appointed classes there would be interests.

The preferred option depends on the objective(s) and this could include consumer and community choice as to their preferred legal and organisational option instead of mandating a preferred model.

### **Interim Arrangements**

It is noted on p 7 under Interim Arrangements “that some CHCs will require time to re-establish an adequate centre membership base given the reported reduction in members over the last two years.”

Crucial to this re-establishment will be the basis for membership – not only the rights but also the obligations of membership. It is not clear from this what are the current rights and obligations of membership. Nor is it stated what is regarded as an adequate centre membership base.

## Conclusion

The decision to restore elected boards is a recognition of the importance of “ownership” to Community Health Centres. The recognition would be strengthened if the members of Community Health Centres also had a choice of legal and organisational structures – a choice of the ownership model.

It is also necessary to be clear about whether or not “ownership” is intended and what are the consequential rights and obligations.

The voluntarily determined structure of a Community Health Centre could determine its development and future.

On p 7 in the Summary of Issues for Consideration, there are five questions:

What is the preferred option?

If the first option is preferred, how can CHCs ensure a balance of skills and experience is represented on boards?

If the second option is preferred what should be the proportion of community elected and ministerially appointed board members given that boards can have between 7 – 9 members?

Are there any other issues or suggestions relating to governance models?

Do you agree with the proposed date for full implementation, July 2001?

There should be no preferred, government-imposed option for the governance structure and processes for Community Health Centres. Individuals and their communities should have a choice of legal and organisational structures – including the co-operative option. If the boards of Community Health Centres are to be democratically-elected by their members, then, the members should have a democratic choice of legal and organisational structure – consistent with accountability and transparency. But, then, a democratic CHC would also leave the decision as to who was elected to the board with the members and what stakeholder interests should be represented if any and not impose a criteria of skills and experiences. Indeed, these matters should be subject to the consultation process and not simply the choice and/or balance between elected and appointed representatives.

The consultation process should be broadened. Attempting to exclusively focus the consultation process on whether boards should be elected and/or appointed is problematic because of its limitations and does not serve the public policy debate and choices.

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# **Mission and Objectives**

## **Mission**

To develop and promote the co-operative movement as a means of satisfying the economic and social needs of people.

## **Objectives**

Help members improve services to their members by providing information and advice.

Make representation to government on legislation and policies to facilitate the development of co-operatives.

Promote co-operatives to the public/

Facilitate and promote the formation of co-operatives.

Educate members and the community at large in co-operative principles and practices.

Facilitate co-operation between co-operatives

# ICA Statement on the Co-operative Identity

## Definition

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.

## Values

Cooperatives are based on the values of self-help, self-responsibility, democracy, equality, equity and solidarity. In the tradition of their founders, cooperative members believe in the ethical values of honesty, openness, social responsibility and caring for others.

## Principles

The cooperative principles are guidelines by which cooperatives put their values into practice.

### **1st Principle: Voluntary and Open Membership**

Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

### **2<sup>nd</sup> Principle: Democratic Member Control**

Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives members have equal voting rights (one member, one vote) and cooperatives at other levels are also organised in a democratic manner.

### **3<sup>rd</sup> Principle: Member Economic Participation**

Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the cooperative. Members usually receive limited compensation, if any, on capital subscribed

as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

#### **4<sup>th</sup> Principle: Autonomy and Independence**

Cooperatives are autonomous, self-help organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their cooperative autonomy.

#### **5<sup>th</sup> Principle: Education, Training and Information**

Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public – particularly young people and opinion leaders – about the nature and benefits of cooperation.

#### **6<sup>th</sup> Principle: Cooperation among Cooperatives**

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

#### **7<sup>th</sup> Principle: Concern for Community**

Cooperatives work for the sustainable development of their communities through policies approved by their members.

## Membership

### As at 30 June 1999

Abalone Fisherman's Co-operative Ltd  
Architeam Co-operative Ltd  
Ballarat Chilcare Co-operative Ltd  
Ballarat Community Education Centre Co-operative Ltd  
Ballarat Taxis Co-operative Ltd  
Beaumaris Motor Yacht Squadron Co-operative Ltd  
Bonlac Foods Limited  
Cape Volny Co-operative Society Ltd  
Carlton Rental Housing Co-operative Ltd  
Central Highlands Co-operative Ltd  
Central Sires Co-operative Ltd  
Co-operative Development Services Ltd  
Co-operative Energy Ltd  
Co-operative Purchasing Services Ltd  
Cobden Artificial Breeders Co-operative Ltd  
Colac Herd Improvement Co-operative Ltd  
Commercial Egg Producers' Association Co-op Ltd  
Consolidated Herd Improvement Services Co-op Ltd  
Dandenong & District Aborigines Co-op Ltd  
Down To Earth (Victoria) Co-operative Ltd  
Emerald & District Co-operative Society Ltd  
Emu Farmers Co-operative Ltd  
Essendon Rental Housing Co-operative Ltd  
Euroa Co-operative Society Ltd  
Frankston Rental Housing Co-operative Ltd  
Geelong Radio Cabs Co-operative Ltd  
Genetics Australia Co-operative Society Ltd  
Gippsland Tip Truck Hiring Co-operative Ltd  
Green Lands Co-operative Ltd  
Herd Improvement Co-operative (Maffra) Ltd  
Hopetoun Community Hotel Co-op Society Ltd  
Hopetoun Courier Co-operative Ltd  
Keysborough Freedom Club Co-operative Ltd  
Lakes Entrance Fishermen's Co-operative Ltd  
Macalister Research Farm Co-operative Ltd  
Macaulay Community Credit Co-operative Ltd  
Mirboo North Newspaper Co-operative Ltd  
Monash University Co-operative Bookshop Ltd  
Moonee Creek Co-operative Ltd  
Moorabbin Rental Housing Co-operative Ltd  
Mt. Murrindal Co-operative Ltd



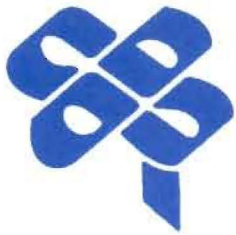
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## Co-operative Federation of Victoria Ltd

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Murray Goulburn Co-operative Co Ltd  
Muslim Community Co-operative (Australia) Ltd  
New Market Co-operative Ltd  
North East Victoria Forest Growers Co-operative Ltd  
Northcote Rental Housing Co-operative Ltd  
Northern Herd Development Co-operative Ltd  
Para Park Co-operative Game Reserve Ltd  
Primeat Co-operative Society Ltd  
Ruach Community Co-operative Ltd  
Rural Industries Co-operative Ltd  
San Remo Fisherman's Co-operative Society Ltd  
Skye Children's Co-operative Ltd  
South Barwon Rental Housing Co-operative Ltd  
South Kingsville Health Services Co-operative Ltd  
Southern Energy Co-operative Ltd  
St. Albans Community Centre Co-operative Ltd  
Sunshine/St. Albans Rental Housing Co-op Ltd  
Swinburne Bookshop Co-operative Ltd  
Terang & District Co-operative Society Ltd  
The Western Vic Dairy Research/Demonstration Farm Co-op Ltd  
Timboon Herd Improvement Co-operative Ltd  
Toora & District A.B. Co-operative Ltd  
Urban Camp Melb. Co-operative Ltd  
Victorian Producers' Co-operative Co. Ltd  
Warm Corners Co-operative Ltd  
Wathaurong Aboriginal Co-operative Ltd  
Waverley Trading Co-operative Ltd  
West Gippsland Herd Improvement Co-op Ltd  
Wholefoods Co-operative Ltd  
Wombat Co-operative Ltd  
YCW Co-operative Society Ltd





# Co-operative Federation of Victoria Ltd

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23 February 2000

Ms Tracey Slatter  
Manager  
Community Health  
Aged, Community and Mental Health Division  
Department of Human Services  
Level 2  
555 Collins Street  
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Dear Ms. Slatter:

I am pleased to enclose our submission in response to the consultation paper, Restoring Elected Community Representation to Community Health Centre Boards.

The Federation would be pleased to respond to any queries concerning our submission.

In co-operation:

David Griffiths  
Chairman

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